

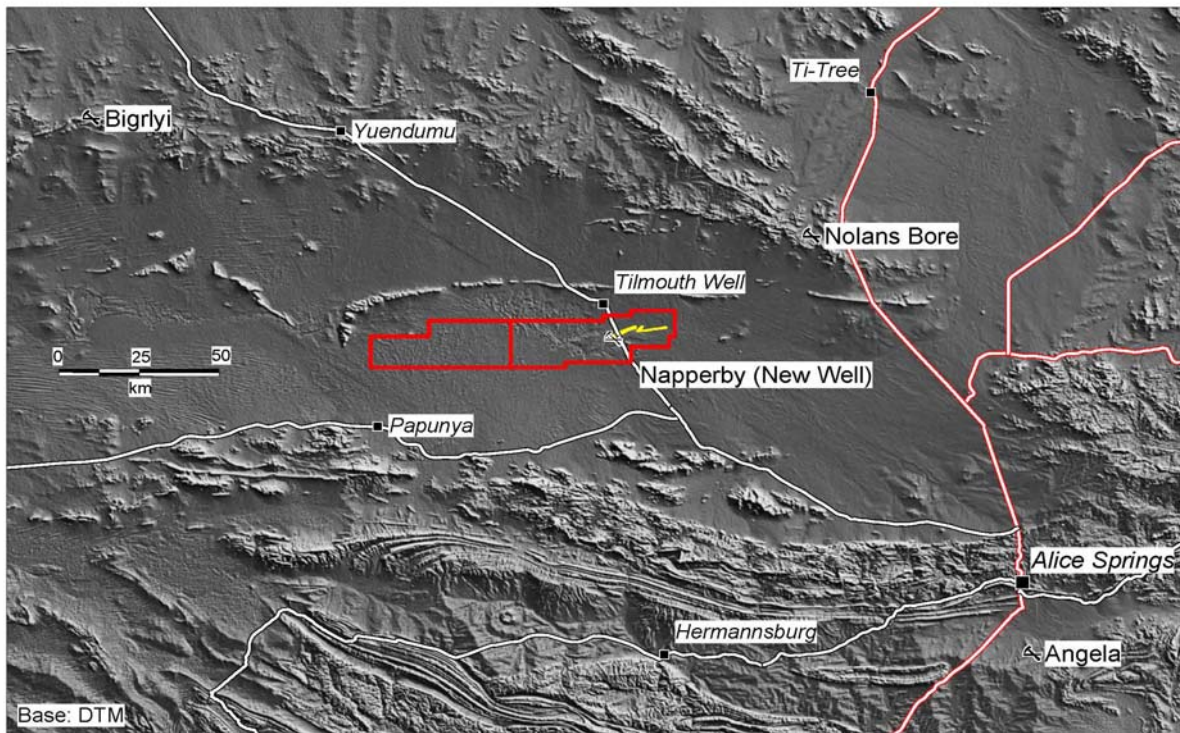
Joint ASX Release

20 July 2007

**Napperby Option Agreement**

**All Legal Pre-Conditions Completed – Work to Commence on Resource Definition Drilling**

Deep Yellow Ltd (“Deep Yellow”, ASX code “DYL”) and Toro Energy Ltd (“Toro”, ASX code “TOE”) have previously announced the farm-in and acquisition by Toro of the Napperby Uranium Project and its associated tenements EL24246 and EL24606 under the Napperby Option Agreement (the “Agreement”). The Napperby Project is located approximately 150km North West of Alice Springs in the Northern Territory (Figure 1).



**Figure 1: Digital Terrain Model of the Napperby Region**

Deep Yellow and Toro are pleased to announce that all pre-conditions pursuant to the Agreement taking effect have been completed. The key milestones completed were:

- (1) Ministerial approval and registration under Section 173 of the Northern Territory Mining Act;
- (2) execution of the Novation Deed with Paladin Energy Minerals NL; and
- (3) execution of the Deed of Assumption with the Central Land Council (“CLC”).

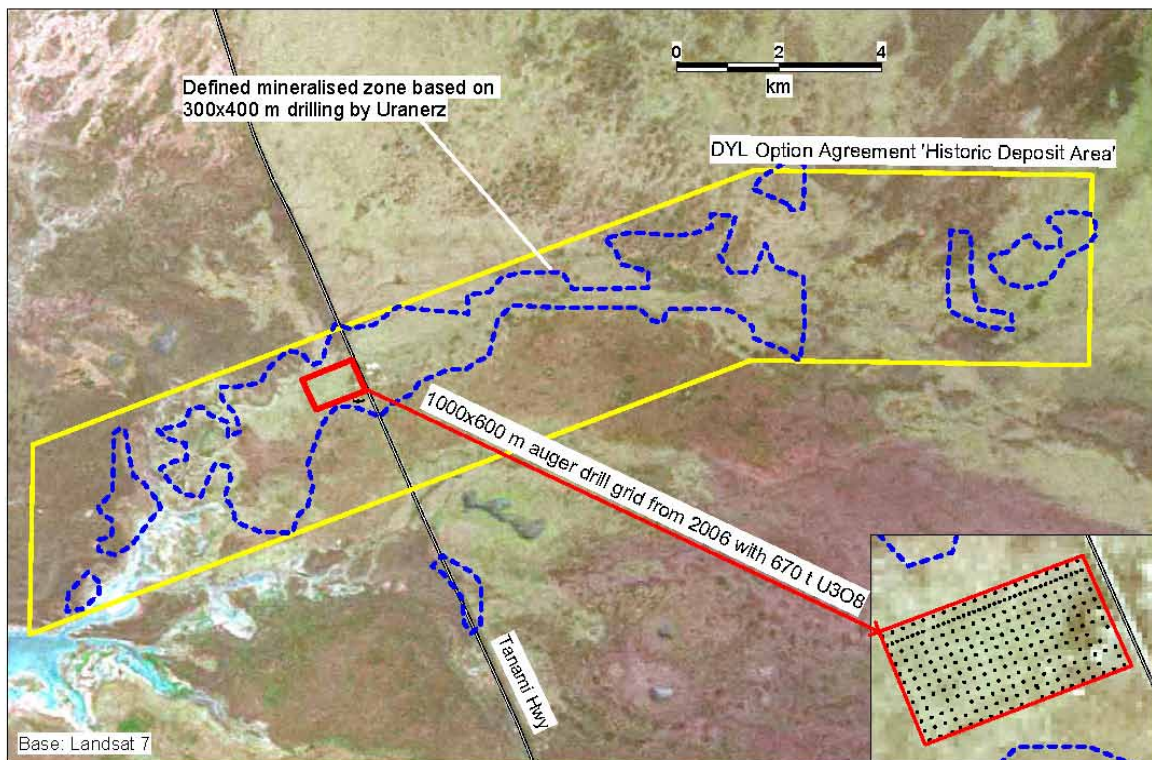
On completion of these conditions Deep Yellow was issued 3,066,667 Toro shares (approximately 2% of Toro’s issued capital) as consideration for the option. The shares were issued at a deemed issue price of \$0.75 each based on a 30 day volume weighted average on 12 February 2007 before the Agreement was publically announced.

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The full commercial terms of the Agreement were outlined in the Joint ASX Release on 15 February 2007, but essentially the agreement allows Toro a 3 year option period, starting today, to acquire 100% of the Napperby project under a defined cost formula. This is based on the in-ground JORC (2004) Resource within the Historic Deposit Area (or, if not fully converted, 13.2 million pounds  $U_3O_8$  will be assumed) and valued on a per pound basis at 8% of the spot uranium price that is capped and collared at A\$6/lb and A\$4.50/lb respectively. At current uranium prices circa US\$130/lb (A\$150/lb)  $U_3O_8$  the acquisition cost is effectively capped at A\$6/lb  $U_3O_8$ .

### Taking the Napperby Project Forward

A key focus for Toro during the initial stages of the option period will be resource conversion drilling of the defined mineralised zone within the Historic Deposit Area as defined by previous explorers (Figure 2). Within this Historic Deposit Area, DYL have defined an Inferred Mineral Resource of 1.9 million tonnes at 0.036% (360ppm)  $U_3O_8$  for 670 tonnes or 1.5 million pounds of contained  $U_3O_8$  in a small portion of the defined mineralised system as depicted in Figure 2.



**Figure 2: Historic Deposit Area containing defined mineralised zone and JORC Inferred Resource Grid**

Preparations for the resource definition and further exploration work are already well advanced with drilling expected to commence in late August or early September pending Northern Territory Government approval and site clearances.

Other activities planned in the second half of this year and into 2008 include:

- airborne geophysical surveys, including magnetic and radiometric surveys in September and trial electro-magnetic surveys in July, that will better resolve the geology and improve drill targeting;
- the submission of a revised Mine Management Plan under Toro's name with the Department of Primary Industry, Fisheries and Mines, incorporating future exploration and drilling proposals;



- ongoing meetings with various stakeholders such as the CLC, local communities and Alice Springs Council to establish good lines of communication; and
- preparations for a high level scoping study into the potential mine development options and associated infrastructure requirements.

Although significant resource definition work is still required, the Boards and Management of both Deep Yellow and Toro are excited at the prospect of the Napperby project being advanced toward a potentially viable economic mine, particularly given current long term prices and future industry demand projections.

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*The information in this announcement that relates to Mineral Resources is based on information compiled by Mr. Malcolm Titley who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Titley is a Director and Principal Consultant of FinOre Mining Consultants. Mr Titley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Titley consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to Exploration Results is based on data compiled by Mr Geoffrey Gee a Member of the Australian Institute of Geoscientists. Mr Gee is a full time employee of Deep Yellow Limited. Mr Gee has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gee consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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